

**Intergovernmental Water Board  
Meeting Minutes  
September 13, 2006  
Tigard Water Building  
8777 SW Burnham Street  
Tigard, Oregon**

**Members Present:** Patrick Carroll, George Rhine, and Dick Winn

**Members Absent:** Bill Scheiderich and Tom Woodruff

**Staff Present:** Public Works Director Dennis Koellermeier  
Water Quality & Supply Supervisor John Goodrich  
Attorney Gary Firestone  
IWB Recorder Greer Gaston

**1. Call to Order, Roll Call and Introductions**

The meeting was called to order at 5:33 p.m.

*Note: Item 3 was heard before item 2.*

**2. Public Comments:** None

**3. Approval of Minutes –August 9, 2006**

Commissioner Rhine motioned to approve the August 9, 2006, minutes; Commissioner Winn seconded the motion. The motion was approved by unanimous vote.

*Note: Item 2 was heard after item 3.*

**4. Discussion on the Possible Impacts of Bull Mountain Incorporation**

Mr. Koellermeier introduced Attorney Firestone who was present to discuss possible scenarios and what, if anything, the Board should be doing surrounding the possible incorporation of Bull Mountain.

With regard to incorporation, Attorney Firestone advised withdrawal from the Water District had not been proposed. However, if formed, the Bull Mountain city council would have the authority to withdraw territory from the Water District. If the new city chooses not to withdraw from the Water District, everything would continue to operate as it has in the past. The Intergovernmental Agreement (IGA)

would not need to be changed, all the properties would remain part of the District, and Tigard would be obligated to provide service.

The only action the city of Bull Mountain could take to affect the area of the District is to withdraw; it can not add territory. There is no obligation to provide water service to any area not currently within the boundaries of the Tigard Water District (TWD). If the city of Bull Mountain includes areas outside the Water District, those areas do not have to be served by the Water District or the City of Tigard.

The IGA does not address what happens if a portion of the Water District becomes part of a city and withdraws from the District. The IWB could amend the IGA to spell out what would happen under those circumstances.

At any point after the new city is formed, it could chose to withdraw from the Water District and would have certain rights with regard to equitable division and disposal of the District's assets. Local water lines would become the assets of the new city. Additionally, the new city would likely be entitled to some proportionate share of capacity, water rights, and major facilities, such as reservoirs and pump stations. Any amendment to the IGA could not negate the new city's rights to these assets, but the IGA could specify what assets are needed to provide service to the remaining members of the system. There is nothing to prevent an agreement between the city of Bull Mountain and the members of the IWB. Attorney Firestone suggested this may be the most logical approach. Such an agreement might identify system assets to be used by Tigard and specify what lines and water rights would go to the city of Bull Mountain. Details of such an agreement would be a matter for future negotiations. Attorney Firestone said he would assume the IWB would argue that the new city is not entitled to any of the assets needed to provide service to other IWB members. The new city could be given some delivery rights throughout the life of the agreement.

If the city is formed and withdraws from the District, statue provides for a period of negotiations, between the new city and the District, to work out an agreement. The division of assets would essentially be the sole source of negotiations. If an agreement can not be reached, the issue would then go to the county board. Attorney Firestone stated that no one had been faced with this exact situation before and the outcome is unpredictable.

Commissioner Rhine asked what needed to happen for the new city to become a member of the IWB. Attorney Firestone responded if the new city did not withdraw:

- The District would continue to exist, unchanged.
- The Board would continue to function as is.

- The new city, not being a party to any of the IGAs, would have no role in the water distribution system and no rights or obligations relating to water within the TWD.

Local governments can create any type of agreement as long as it is legal and within their authority. The new city could negotiate to become part of the system, receiving service on the same terms.

In response to a question from Commissioner Carroll, Mr. Koellermeier stated the vast majority of Bull Mountain residents would be within the boundaries of the new city. Attorney Firestone explained the District would still exist, because some territory would fall outside these boundaries. Mr. Koellermeier referred to a map depicting the boundaries in question. The map is on file in the IWB record.

Areas 63 and 64, formerly called study areas 48 and 49, are outside TWD boundaries and are within the boundaries of the proposed new city. The areas could be annexed into the District, if Tigard, the TWD, and the IWB agreed to expand their service area.

Commissioner Winn asked what the IWB should do to prepare for the possible incorporation. Attorney Firestone responded the Board can:

- Do nothing and proceed with business as usual.
- Try to establish a dialogue.
- Make some sort of public statement about how the Board plans to operate if incorporation occurs and what it would do in the event the city of Bull Mountain withdraws from the District.

Commissioner Carroll suggested the Board could grant IWB membership to the city of Bull Mountain and this would allow everything to remain the same. Mr. Koellermeier responded all current IWB members own the assets within their boundaries. He added that until the city of Bull Mountain withdraws from the TWD, they have no assets and are not in the water business.

Attorney Firestone reiterated the new city could not become a member of the IWB without an IGA, but an IGA could be created whether or not the city withdraws from the District. If an IGA were created without the new city withdrawing, it would not have any assets; this would differentiate the new city from all the other entities making up the IWB.

In the first few years after incorporation, Attorney Firestone predicted the new city would focus on getting up and running, and on land use. The people involved in the incorporation effort have not proposed providing water services, although these individuals may or may not end up on Bull Mountain's city council.

At some point, the new city would have to plan the water system for the undeveloped areas of the proposed city. Supplying water to these areas could be accomplished if the TWD annexed the areas and a water service agreement between the city of Bull Mountain and the IWB is created. The water service agreement could take the form of an urban service agreement through the TWD, with the consent of the IWB.

Audience member Isador Moragavi, who lives in the Bull Mountain area, expressed concern regarding increased density and its impact on existing infrastructure. Mr. Koellermeier relayed the IWB had adopted a master plan which details major facilities and funding strategies. The master plan was created and sized based on Tigard's planning densities and does not address the increased density that would result from the incorporation of Bull Mountain. Mr. Koellermeier said the addition of areas 63 and 64 would further exacerbate this situation. In the past, the Board has not considered boundaries when building capacity improvements, but the Board would need to consider who would subsidize such an expansion.

Commissioner Winn commented King City would not want to subsidize service improvements resulting from the creation of a new city.

The Board discussed the density and water demands of the proposed city.

Should the new city be formed and withdraw from the District, Mr. Koellermeier asked about the distribution of liabilities. Attorney Firestone responded that liabilities were treated differently than assets. If debt is incurred related to a specific facility, infrastructure, etc., and the new city takes over that facility, infrastructure, etc., then the new city assumes the liability. Mr. Koellermeier said revenue bond debt may be incurred in the next few years to address capital improvements. Attorney Firestone said, in some cases, if there's outstanding bond indebtedness, withdraw doesn't affect property taxes for each individual location. If the new city would remain within its tax limit, it could take over the tax obligation and pay the District. Commissioner Carroll noted debt is typically reflected in rates and Attorney Firestone noted, in that case, these scenarios would not be applicable.

Mr. Koellermeier stated capital improvements in the expanded area could be funded through a differential system development charge specifically for that area. Attorney Firestone added the IGA permits a cost differential in the rates if circumstances differ.

In response to a question from Commissioner Rhine, Mr. Koellermeier said expansion would likely require increased storage, increased pipe diameter for major transmission facilities, and upsizing of infrastructure all the way along the line. Although higher density results in cheaper distribution costs, growing

capacity at the end of the system, as in the case of areas 63 and 64, is very expensive.

Attorney Firestone summarized that things could simply continue as they are in the existing system. He added he thought the parties will likely arrive at some type of agreement in the next 12 years and that there are few constraints on what such an agreement might look like. At a minimum he would expect an urban services agreement.

#### **5. *Water Supply Status***

Mr. Koellermeier introduced John Goodrich who briefed the Board on the following points:

- The City has recovered all injected water and is trying to take an additional 50,000 million gallons (mg) of native ground water from aquifer storage and recovery (ASR) well #1.
- The City is taking about a half million gallons a day from ASR 2 and will leave about 37 mg in the ground.
- The City's contract with Portland requires Tigard to take 6 million gallons per day (mgd).
- The current system demand is about 10 mgd and ASR is used to supplement Portland water.
- August demand has decreased as compared to last year. This may be weather related.
- In October, the Portland contract drops to 4 mgd. The City will take more water from the ASR wells if demand does not decrease as expected.
- The City continues to take 1 mgd from Lake Oswego.
- The City is taking 1 ½ mgd from the Joint Water Commission.

#### **6. *Informational Items:* None**

#### **7. *Non-Agenda Items***

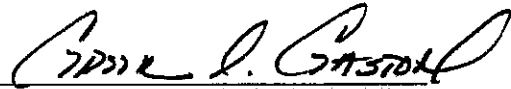
Mr. Koellermeier reminded the Board of their meeting with the Tigard and Lake Oswego City Councils on Tuesday, November 14 at Lake Oswego City Hall, 380 A Ave., Lake Oswego, Oregon. Dinner will be served at 6 p.m. and the meeting will follow at 7 p.m. Commissioners Carroll, Rhine, and Winn indicated they intend to go to the meeting.

Mr. Koellermeier informed the Board that Commissioners Scheiderich and Winn planned to participate in a tour of the Barney Reservoir on October 5. He asked if any other Commissioners were interested and mentioned some staff members may also attend. No other Commissioners expressed an interest in the tour.

#### **8. *Next Meeting – October 11, 2006, 5:30 p.m. - Water Auditorium***

**9. Adjournment**

Commissioner Winn motioned to adjourn the meeting; Commissioner Rhine seconded the motion. The meeting was adjourned at 6:51 p.m.



Greer A. Gaston, IWB Recorder

Date: Nov. 8, 2006